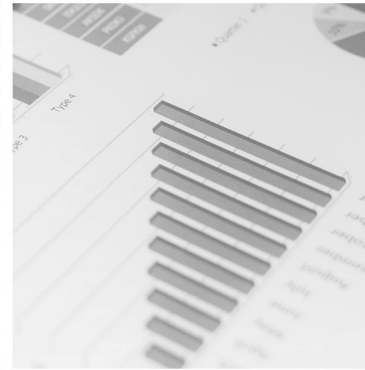




QATAR CHARITY ORGANIZATION
FINANCIAL STATEMENTS **2020**





KPMG
Zone 25 C Ring Road
Street 230, Building 246
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4436 7411
Website: home.kpmg/qa

INDEPENDENT AUDITORS' REPORT

To the Chairman and members of the board of directors
Qatar Charity Organization
Doha - Qatar

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Qatar Charity Organization (the "Charity"), which comprise the statement of financial position as at 31 December 2020, the statements of activities and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies and procedures adopted by the management.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the Charity's financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide bases for our opinion.

Basis of Accounting and Restrictions on Use and Distribution

We would like to draw the attention to note No. 2 on the financial statements, which describes the basis of accounting. These financial statements are prepared according to the accounting procedures and policies adopted by the Charity as a result, the accompanying financial statements may not be suitable for another purpose. Our report on the accompanying financial statements is intended solely for assisting the Charity's management and should not be used for any other purpose. Our opinion is not modified in respect of this matter.



INDEPENDENT AUDITORS' REPORT (CONTINUED) – Qatar Charity Organization

Responsibilities of Board of Directors

The Charity's Board of director is responsible for the preparation and fair presentation of the financial statements in accordance with significant accounting policies and procedures adopted by the management, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Charity Board of directors.



INDEPENDENT AUDITORS' REPORT (CONTINUED) – Qatar Charity Organization

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the Charity Board of directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Charity Board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other regulatory requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Charity has maintained proper accounting records and its financial statements are in agreement therewith. We are not aware of any violations of the terms of the Articles of Association which might have had a material adverse effect on the Charity's financial position or performance as at and for the year ended 31 December 2020.

6 July 2021
Doha
State of Qatar

A handwritten signature in black ink, appearing to read "Yacoub Hobeika", written over a horizontal line.

Yacoub Hobeika
KPMG
Audit Registration Number 289



Financial Statements

QATAR CHARITY 2020

Qatar Charity applies a system of accounting drawn from a comprehensive set of financial policies and regulations that are fully compliant with local and international standards, and in accordance with global best practices in non-profit, non-governmental organizations.

**Qatar Charity Organization
(Charitable Organization)**

Financial statements

31 December 2020

Qatar Charity Organization
(Charitable Organization)

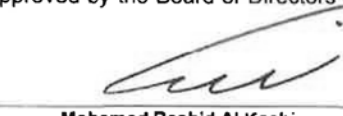
Statement of financial position
As at 31 December 2020

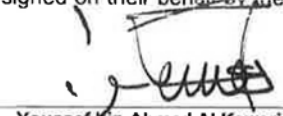
In Qatari Riyals

	Note	2020	2019
Assets			
Current assets			
Cash and bank balances	4	1,195,522,529	881,006,523
Receivables and other debit balances	5	30,931,727	22,491,433
Notes receivable		311,513	442,313
Due from related parties	32	126,933	127,033
Balances with external offices	6	293,584,657	233,313,732
Total current assets		1,520,477,359	1,137,381,034
Non-current assets			
Property, plant and equipment	7	94,626,655	89,387,244
Investments property (fair value)	8	631,694,489	669,865,397
Granted investments property	9	6,301,219	9,512,959
Waqf investments property	10	40,114,776	38,285,575
Investment in a subsidiary	11	200,000	200,000
Available for sale investments	12	76,631,709	76,327,181
Total non-current assets		849,568,848	883,578,356
Total assets		2,370,046,207	2,020,959,390
Liabilities and net assets			
Current liabilities			
Obligations under capital lease – current portion	13	16,675,856	16,050,485
Payables and other credit balances	14	392,213,716	309,823,602
Amounts due to Islamic banks – current portion	16	10,568,364	10,009,909
Notes payable		2,924,887	10,963,500
Total current liabilities		422,382,823	346,847,496
Non-current liabilities			
Employees end of service benefits	15	18,713,800	17,213,593
Amounts due to Islamic banks – non-current portion	16	95,074,656	105,679,420
Obligations under capital lease – non-current portion	13	-	16,675,856
Total non-current liabilities		113,788,456	139,568,869
Net assets			
Net restricted assets	17	1,783,806,761	1,461,930,081
Net unrestricted assets	17	25,304,990	9,716,583
Reserve of unrealized gain from investments property	8	12,855,617	51,293,329
Reserve of unrealized gain from available for sale investments	12	11,907,560	11,603,032
Total net assets		1,833,874,928	1,534,543,025
Total liabilities and net assets		2,370,046,207	2,020,959,390

These Financial Statements were approved by the Board of Directors and signed on their behalf by the following on 6 July 2021:


Mohamed Abdulrahman Fakhroo
Chief Financial Officer


Mohamed Rashid Al Kaabi
Deputy Chief Executive Officer of the
Sector of Support Affairs and
Information Technology


Youssef bin Ahmed Al Kawari
Chief Executive Officer

The accompanying notes from 1 to 34 form an integral part of these financial statements.

**Qatar Charity Organization
(Charitable Organization)**

**Statement of activities
For the year ended 31 December 2020**

For the year ended 31 December 2020							In Qatari Riyals
For 2020	Note	Restricted	Unrestricted	Reserve of unrealized gain from investments property	Reserve of unrealized gain from available for sale investments	Total	
Donations and Income							
Donations of activities and projects	18	1,578,847,728	102,697,175	-	-	1,681,544,903	
Investments Income	19	40,129,478	2,099,451	-	-	42,228,929	
Investments Income donations	20	283,576	-	-	-	283,576	
Investments Income waqf	21	4,708,791	-	-	-	4,708,791	
Other income		-	20,538,212	-	-	20,538,212	
Deducted for administrative expenses	22	-	93,361,727	-	-	93,361,727	
Total donations and income		1,623,969,573	218,696,565	-	-	1,842,666,138	
Administrative expenses							
Administrative expenses	23	-	(76,538,769)	-	-	(76,538,769)	
Operating expenses of activities and projects	24	(1,283,329,964)	(113,156,073)	-	-	(1,396,486,037)	
Investments expenses	25	(9,510,334)	(12,548)	-	-	(9,522,882)	
Investments expenses donations	26	(157,905)	-	-	-	(157,905)	
Investments expenses waqf	27	(2,429,390)	-	-	-	(2,429,390)	
Other expenses	28	(6,665,300)	(13,400,768)	-	-	(20,066,068)	
Total expenses		(1,302,092,893)	(203,108,158)	-	-	(1,505,201,051)	
Surplus of activities movement during the year		321,876,680	15,588,407	-	-	337,465,087	
Assets balance at the beginning of the period		1,461,930,081	9,716,583	-	-	1,471,646,664	
Assets balance at the end of the period		1,783,806,761	25,304,990	-	-	1,809,111,751	
Reserve of unrealized gain from investments property							
Balance at the beginning of the period		-	-	51,293,329	-	51,293,329	
Movement during the year	8	-	-	(38,437,712)	-	(38,437,712)	
Balance at the end of the period		-	-	12,855,617	-	12,855,617	
Reserve of unrealized gain from available for sale investments							
Balance at the beginning of the period		-	-	-	11,603,032	11,603,032	
Movement during the year	12	-	-	-	304,528	304,528	
Balance at the end of the period		-	-	-	11,907,560	11,907,560	

كوتبي أم جي
KPMG
For Identification
Purposes Only

The accompanying notes from 1 to 34 form an integral part of these financial statements.

**Qatar Charity Organization
(Charitable Organization)**

**Statement of activities (continued)
For the year ended 31 December 2020**

For 2019	Note	Restricted	Unrestricted	Reserve of unrealized gain from investments property	Reserve of unrealized gain from available for sale investments	Total	In Qatari Riyals
Donations and Income							
Donations of activities and projects	18	1,184,291,797	96,167,194	-	-	1,280,458,991	
Investments Income	19	30,283,573	2,235,335	-	-	32,518,908	
Investments Income donations	20	240,384	-	-	-	240,384	
Investments Income waqf	21	3,014,971	-	-	-	3,014,971	
Other income		4,164,120	20,897,980	-	-	25,062,100	
Deducted for administrative expenses	22	-	82,620,751	-	-	82,620,751	
Total donations and income		1,221,994,845	201,921,260	-	-	1,423,916,105	
Administrative expenses	23	-	(70,947,491)	-	-	(70,947,491)	
Operating expenses of activities and projects	24	(1,095,757,319)	(113,928,037)	-	-	(1,209,685,356)	
Investments expenses	25	(5,233,828)	(15,595)	-	-	(5,249,423)	
Investments expenses donations	26	(237,603)	-	-	-	(237,603)	
Investments expenses waqf	27	(2,496,657)	-	-	-	(2,496,657)	
Other expenses	28	-	(10,691,877)	-	-	(10,691,877)	
Total expenses		(1,103,725,407)	(195,583,000)	-	-	(1,299,308,407)	
Surplus of activities movement during the year		118,269,438	6,338,260	-	-	124,607,698	
Assets balance at the beginning of the period		1,343,660,643	3,378,323	-	-	1,347,038,966	
Assets balance at the end of the period		1,461,930,081	9,716,583	-	-	1,471,646,664	
Reserve of unrealized gain from investments property							
Balance at the beginning of the period		-	-	88,457,786	-	88,457,786	
Movement during the year	8	-	-	(37,164,457)	-	(37,164,457)	
Balance at the end of the period		-	-	51,293,329	-	51,293,329	
Reserve of unrealized gain from available for sale investments							
Balance at the beginning of the period		-	-	-	7,609,426	7,609,426	
Movement during the year	12	-	-	-	3,993,606	3,993,606	
Balance at the end of the period		-	-	-	11,603,032	11,603,032	

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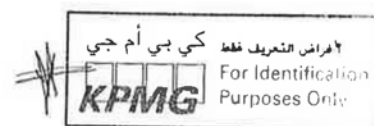
The accompanying notes from 1 to 34 form an integral part of these financial statements.

Qatar Charity Organization
(Charitable Organization)

Statement of cash flows
For the year ended 31 December 2020

In Qatari Riyals

	Note	2020	2019
Operating activities			
Restricted activities surplus		321,876,680	118,269,438
Unrestricted activities surplus		15,588,407	6,338,260
Adjustments:			
Depreciation of property, plant and equipment	7	7,188,835	6,905,986
Depreciation of granted investments property	9	117,845	209,369
Depreciation of waqf investments property	10	1,264,694	1,153,198
End of service benefits	15	2,576,960	3,528,494
Write-off receivables and other doubtful receivables	5	(262,500)	(1,926)
Provision of receivables and other doubtful receivables	5	685,783	-
			(843,105)
Write-off available for sale investments	12	-	-
		349,036,704	135,559,714
Changes in operating assets and liabilities:			
Receivables and other debit balances	5	(8,863,577)	(920,773)
Notes receivable		130,800	316,187
Due from related parties		100	100
Balances with external offices (1)	6	(60,270,925)	214,041,404
Payables and other credit balances		82,390,114	(25,007,220)
Notes payable		(8,038,613)	7,759,015
Cash generated from / (used in) operating activities		354,384,603	331,748,427
End of service benefits paid		(1,076,753)	(1,231,873)
Net cash from operating activities		353,307,850	330,516,554
Investing activities			
Additions to granted investments property	9	-	(386,650)
Additions to waqf investments property	10	-	(24,600)
Write-off available for sale investments	12	-	843,105
Purchasing of investments property (2) (3)	8	(266,804)	(173,061,563)
Purchasing of property, plant and equipment	7	(12,428,246)	(8,931,377)
Net cash used in investing activities		(12,695,050)	(181,561,085)
Financing activities			
Net change in amounts due to Islamic banks	16	(10,046,309)	96,949,667
Payments of obligations under capital lease contracts		(16,050,485)	(15,420,742)
Net cash (used in) / from financing activities		(26,096,794)	81,528,925
Net increase in cash and cash equivalents		314,516,006	230,484,394
Cash and cash equivalents at 1 January		881,006,523	650,522,129
Cash and cash equivalents at 31 December		1,195,522,529	881,006,523
Non-cash transactions			
(1) Decrease in Fair value of investments property	8	(38,437,712)	(37,164,457)
(2) Available for sale revaluation loss	12	(304,528)	(3,993,606)
(3) Transfer from investments property in fair value to granted investments property	9	-	(1,452,055)



The accompanying notes from 1 to 34 form an integral part of these financial statements.

**Qatar Charity Organization
(Charitable Organization)**

**Notes to the financial statements
For the year ended 31 December 2020**

1. Reporting entity

Qatar Charity Organization (the "Charity") is a charity organization registered at the Regulatory Authority for Charitable Activities. It was established in 1992 under Ministerial Decree No. 5 of 1992. The Charity is under the supervision and control of the Authority for Charitable Activities under Emiri Decree No. 43 of 2014 on the Regulatory Authority for Charitable Activities. Law No. 15 of 2014 on regulating charitable activities and its implementing decisions.

The Charity's headquarter is domiciled in Doha – State of Qatar. The Charity has the following branches:

Branch

1. Palestine	13. Niger	25. Senegal
2. Tunisia	14. Bosnia	26. Morocco
3. Sudan	15. Turkey	27. Niger
4. Yemen	16. Mali	28. Tanzania
5. Somalia	17. Kosovo	29. The Gambia
6. Pakistan	18. Djibouti	
7. Indonesia	19. Kyrgyzstan	
8. Bangladesh	20. Kenya	
9. Burkina Faso	21. Sri Lanka	
10. Albania	22. Ghana	
11. Comoros	23. Nepal	
12. Mauritania	24. Chad	

The accompanying financial statements comprise of assets, liabilities and results of business of above branches and the net assets and liabilities of the branches has been included among balances with external offices Note (6).

The Charity aims to support and encourage charitable and developmental and humanitarian work, enhance charitable work and strengthen the values of citizenship and human rights in the community, provide financial, in-kind and moral assistance to the needy, provide humanitarian, social, health, cultural and educational services to all communities and establish charitable projects of all kinds.

2. Summary of significant accounting policies

Basis of accounting

The accompanying financial statements have been prepared in accordance with the significant accounting procedures and policies adopted by the Charity and is prepared for special purposes to support the Charity in the presentation of the financial statements in accordance with the mentioned procedures and accounting policies. Since the Charity adopts accounting measures of charitable societies, therefore, the accompanying financial statements are not prepared in accordance with International Financial Reporting Standards, as they do not necessarily show all the assets and liabilities of the Charity as at 31 December 2020.

Details of the accounting policies of the Charity are stated in below notes.

Basis of measurement

These financial statements have been prepared under the historical cost convention except for available for sale financial investments and investments properties, which are measured at fair value.

**Qatar Charity Organization
(Charitable Organization)**

**Notes to the financial statements
For the year ended 31 December 2020**

2. Summary of significant accounting policies (continued)

Functional and presentation currency

These financial statements are presented in Qatari Riyal, which is the Charity's functional currency. All amounts have been rounded to nearest Qatari Riyal, unless otherwise indicated.

Use of estimates and judgements

In preparing these separate financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 31.

The Charity has applied the significant accounting policies consistently on all periods presented in these financial statements:

a) Expenses

Net unrestricted assets include all direct and indirect operating expenses of operating the Charity.

The Charity recognizes expenses as follows: -

- Expenses of activities are recognized when paid.
- Expenses transferred to offices and representative offices outside Qatar are recognized upon the actual payment of the amounts abroad and not upon transfer from the headquarters in Qatar.
- Kafala that should be paid are accrued for at the end of financial year until obtaining the necessary approvals from the concerned authorities and until the bank transfer is made.
- In the case of payments for projects outside Qatar, expenses are recognized based on the actual payment and the Charity does not retain any amounts for contractors as a guarantee until finalisation and technical inspection and completion of the project.

b) Revenues

The Charity registers donations received as unrestricted assets or restricted assets based on the presence or absence of restrictions by the donor and the nature of these restrictions. The services donated to the Charity are recognized at fair value as unrestricted donations only if fair value cannot be reliably measured.

The Charity recognizes donations (receipts) of activities, projects and investments as follows:

- Cash donations and annual government support are recognized upon receipt.
- Non-cash donations are recognized on a regular basis during the useful life of the asset.
- Contributions and deposits are recognized upon receipt of cash.
- Leases are recognized on an accrual basis.
- Revenues from the sale of investments and property, plant and equipment are recognized upon the transfer of ownership to the purchaser.

**Qatar Charity Organization
(Charitable Organization)**

**Notes to the financial statements
For the year ended 31 December 2020**

2. Summary of significant accounting policies (continued)

c) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Charity at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated based on exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of activities.

d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of activities.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenses will flow to the Charity.

Depreciation

Depreciation of items of property, plant and equipment is calculated less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the statement of activities. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Charity will obtain ownership by the end of the lease term. No depreciation is calculated on lands.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings and improvements	5-20%
Plant, equipment and furniture	20%
Computers and software	33,33%
Motor vehicles	20%

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

**Qatar Charity Organization
(Charitable Organization)**

**Notes to the financial statements
For the year ended 31 December 2020**

2. Summary of significant accounting policies (continued)

d) Property, plant and equipment (continued)

Capital work in progress

Capital work in progress comprises all direct and indirect expenses related to projects in progress, which are capitalized as property, plant and equipment upon completion of these projects.

e) Investments property

Land and buildings are classified as investments property only when the purpose of retention is to earn rentals or for capital appreciation or both purposes.

Investments property are initially measured at cost, including transaction costs and loan costs that are directly related to the construction of the asset. The carrying amount includes the cost of replacing any part of the of an existing investments property at the date of incurring the cost provided that the recognition criteria are considered and costs of investments property day-to-day services are disposed. After initial recognition, investments property are carried at fair value, which reflects market conditions at the date of the financial statements. Gains or losses arising from changes in fair values of investments property are included in the statement of activities for the year in which they arise.

Investments property are derecognized when disposed or permanently withdrawn from use and no future economic benefit is expected from disposal. Any profits or losses arising from the withdrawal or disposal of any investments property are recognized in the statement of activities in the year they are withdrawn or disposed.

Property under construction is treated in accordance with International Accounting Standard 40 and carried at cost less impairment losses until its fair value can be reliably determined or until the construction is completed (whichever is earlier). Meanwhile, it is reclassified as investment property and the adjusted fair value is recognized in the statement of activities.

Transfers are made to or from investments property only when there is a change in use of the property. A transfer from investments property to owner-occupied property, the cost used for subsequent accounting is the fair value at the date of changing the usage. If an owner-occupied property becomes investments property, it is recognized as the difference between the carrying amount and the fair value at the date of transfer as a re-evaluation reserve in net assets, and is transferred to the statement of activities upon disposal of the property.

f) Granted investments property

Investments property is property held either to earn rentals or for capital appreciation or both, but not for sale in ordinary course of business, use in production in the production or supply of goods or services or for administrative purpose. Investments property is stated at cost less accumulated depreciation and impairment losses, if any. Investments property, other than land, are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	5-20 years
-----------	------------

Cost includes expenditure that is directly attributable to the acquisition of the investments property. The cost of self-constructed investments property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investments property to a working condition for their intended use and capitalised borrowing costs.

The constructed properties to be used in future as investment property it is accounted for as investment property. Properties are accounted for as investment property when the management has clear plans to get benefit from it through rent once the construction is completed.

**Qatar Charity Organization
(Charitable Organization)**

**Notes to the financial statements
For the year ended 31 December 2020**

2. Summary of significant accounting policies (continued)

g) Financial instruments

The Charity classifies non-derivative financial assets in the following categories: cash and bank balances, receivables and other debit balances, notes receivables, due from a related party and available for sale investments.

The Charity classifies non-derivative financial liabilities in other payable balances and notes payable.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Charity initially recognizes amounts that are receivables and other debit balances on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Charity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Charity is recognised as a separate asset or liability.

The Charity derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Charity currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets – measurement

Cash and balances at bank, trade and other receivables, Note receivables and due from a related party

Initially recognised at fair value plus any directly attributable transaction cost, After initial recognition, they are measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in statement of other activities and accumulated in the fair value reserve, When these assets are derecognised, the accumulated gain or loss is reclassified to the statement of activities.

**Qatar Charity Organization
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**Notes to the financial statements
For the year ended 31 December 2020**

2. Summary of significant accounting policies (continued)

g) Financial instruments (continued)

Non-derivative financial liabilities – measurement

A financial liability is classified as at fair value through the statement of activities if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in the statement of activities as incurred. Financial liabilities at fair value through the statement of activities are measured at fair value and changes therein, including any interest expense, are recognised in the statement of activities.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

h) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through the statement of activities, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Charity on terms that the Charity would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Charity considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Charity considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Charity uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of activities and reflected in an allowance account. When the Charity considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of activities.

**Qatar Charity Organization
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**Notes to the financial statements
For the year ended 31 December 2020**

2. Summary of significant accounting policies (continued)

h) Impairment (continued)

Non-derivative financial assets (continued)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to the statement of activities. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in the statement of activities. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through the statement of activities. Impairment losses recognised in the statement of activities for an investment in an equity instrument classified as available-for-sale are not reversed through the statement of activities.

Non-financial assets

At each reporting date, the Charity reviews the carrying amounts of its non-financial assets (other than investment property and inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i) Net assets

Net unrestricted assets

These are part of the non-profit entity's assets, which are not subject to restrictions from the donor; therefore they fall under the full control of the entity's management. Unrestricted assets might be current assets, investments and financial assets, tangible or intangible assets.

Net of restricted assets

Is part of the assets of established non-profit organization, and are subject to restrictions from the part of the donor, and those restrictions may be linked with using the assets for specific purposes (restrictions of use) or the time of this use (restrictions on time) or restrictions associated with both use and time. Restricted assets may be current assets, investments and financial assets, tangible or intangible assets.

**Qatar Charity Organization
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**Notes to the financial statements
For the year ended 31 December 2020**

2. Summary of significant accounting policies (continued)

j) Provision

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

k) Leases

At inception or on reassessment of an arrangement that contains a lease, the Charity separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Charity concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Charity's incremental borrowing rate.

Lease contract is classified as a capital lease contract if it resulted in substantial transfer of all the benefits and risks of ownership of the asset to the lessee and other leases are classified as operating leases.

Sales and leaseback are capitalized at the present value of the minimum lease payments at the inception of the lease. Lease payments are fragmented between financing expenses and the decrease in lease commitments in order to reach fixed return rate on the remaining balance of the commitment. Finance charges are held directly against the income.

Any increase in the selling price over the carrying value is postponed and is recognized according to the straight-line method on the term of the lease.

Leased assets

Leases of property, plant and equipment are classified as financing leases when all substantial risks and rewards of ownership resulted from financing leases are transferred to the Charity. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Charity's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Qatar Charity Organization
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**Notes to the financial statements
For the year ended 31 December 2020**

2. Summary of significant accounting policies (continued)

l) Income tax

The Charity is exempted from income tax under the laws of the State of Qatar. Accordingly, income tax provision was not recognized in the financial statements.

m) Employees' benefits

Contribution to Pension Fund

The Charity provides for contributions to the state-run pension fund for Qatari employees in accordance with the Retirement and Pension Law No. 24 of 2002, and the resulting expense is incorporated within the cost of staff under general and administrative expenses in the statement of activities. The Charity does not have any other payment commitments once it pays the contribution. Contributions are recognized when due.

End of service benefits

The Charity provides for employees' end of service benefits based on employees' last salary and period of employment subject to the completion of the minimum service period in accordance with the Qatar Labour Law and Qatari Human Resources Law No. 15 for the year 2016 and falls due upon resignation or termination. The expected costs of these benefits fall due during the employee's service period.

n) Cost of borrowings

Borrowing costs that are directly attributable to acquisition, construction or production of assets that necessarily take long time to be ready for its intended use or sale, are capitalized as part of the asset costs. All other borrowing costs are paid at the period in which they are incurred. Borrowing costs comprise of interests and other costs incurred by the Charity on obtaining loans.

**Qatar Charity Organization
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**Notes to the financial statements
For the year ended 31 December 2020**

3. Financial risk management

The Charity has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has overall responsibility for the establishment and oversight of the Charity's risk management framework and internal audit activities. The Board of Directors is in the process of forming committees for risk management and internal audit that will be responsible for developing and monitoring risk management policies and internal audit activities of the Charity. The committees will submit periodic reports to the board on their activities.

The Charity's risk management policies have been developed to identify and analyse the risks faced by the Charity and to set appropriate restrictions and controls for risk and to follow up risks and comply with restrictions. Risk management policies are reviewed periodically to reflect changes in market conditions and the Charity's activities. The Charity aims through training and management standards and procedures to maintain a disciplined and constructive controlled environment that make all employees recognize their roles and duties.

The audit committee oversees how the management follow up compliance with the Charity's risk management policies and procedures, and reviews to what extent the risk management framework is adequate in relation to the risks faced by the Charity. The audit committee is assisted in its supervisory role by the internal audit. The internal audit is responsible for each of the periodic reviews that are designated for risk management controls and procedures, which report their results to the audit committee.

Credit risk

Credit risk is the risk that the Charity incurs losses when an individual or a counterparty to a financial instrument fails to meet its contractual obligations. It mainly arises from the Charity's receivables from customers and investments in debt instruments.

The carrying amount of financial assets represents the maximum exposure to credit risk.

Receivables and other debit balances and due from related parties

The Charity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management takes into account factors that may affect the credit risk of its customer base, including the risk of default in the industry and the country in which the customer operates.

The risk management committee developed a credit policy upon which debit balances are classified into receivables and other debit balances, due from a related party and outside offices balances as factors affecting impairment of these balances being reviewed.

The Charity makes an impairment provision representing its estimation of incurred losses in respect of trade and other receivables and related parties.

**Qatar Charity Organization
(Charitable Organization)**

**Notes to the financial statements
For the year ended 31 December 2020**

3. Financial risk management (continued)

Credit risk (continued)

Cash and cash equivalents

Cash and cash equivalents are maintained with banks and counterparties from financial institutions as well as high creditworthy banks that enjoy good reputation in Qatar and the GCC.

Additional information on the Charity's exposure to credit risk are provided in Note 29.

Liquidity risk

Liquidity risk is the risk that the Charity will face difficulty in meeting its financial obligations that are settled by the delivery of a cash or other financial asset. The Charity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Charity's reputation.

Additional information on the Charity's exposure to liquidity risk are provided in Note 29.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Charity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The risk management department monitors the changes in shares prices to minimize the market risk taking into account that the Charity policy is to receive dividends from investments at these shares and investment committee chooses shares for large financial corporations to guarantee continuity of receiving dividends on its investment on these corporations away from changes in share prices.

Additional information on the Charity's exposure to liquidity risk are provided in Note 29.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.

The Charity is exposed to currency risk in transactions with related parties (external offices) in other currencies other than the functional currency. The Charity exposure to other currency risks is at its lowest levels.

For other monetary cash assets and liabilities denominated in foreign currencies, the Charity always ensure that the net exposure to these risks are at an acceptable level. The risk department periodically evaluate fluctuations in currency prices and tries as possible to deal with currencies that are pigged against Qatari Riyal.

Additional information on the Charity's exposure to liquidity risk are provided in Note 29.

Interest rate risk

The Charity adopts a policy that guarantees that most of its exposure to interest rate risk is at fixed price.

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Notes to the financial statements
For the year ended 31 December 2020

In Qatari Riyals

4. Cash and bank balances

Include cash and equivalent investment with high liquidity that can be liquated in three months or less.

	<u>2020</u>	<u>2019</u>
Current accounts at banks	895,496,288	580,874,875
Deposits at banks*	300,000,000	300,105,407
Cash at financial institutions	26,241	26,241
	<u>1,195,522,529</u>	<u>881,006,523</u>

* The term of short-term deposits ranges within three months according to the need to financial liquidity and the average return on these deposits is between 3.65% to 4.5 % during 2020 (2019: 4.5%).

5. Receivables and other debit balances

	<u>2020</u>	<u>2019</u>
Prepaid expenses	11,357,350	10,396,850
Staff advances	7,380,830	4,546,920
Accrued income*	10,544,846	4,042,800
Accrued rent	590,401	1,038,718
Refundable deposit	2,687,994	3,341,338
Miscellaneous advances	865,940	1,891,750
Other debit balances	7,503,398	6,808,806
	<u>40,930,759</u>	<u>32,067,182</u>
Provision for due leases and other doubtful receivable balances	<u>(9,999,032)</u>	<u>(9,575,749)</u>
	<u>30,931,727</u>	<u>22,491,433</u>

Movement of the provision during the year was as follows:

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	9,575,749	9,577,675
Made during the year (Note 28)	685,783	-
Reversal during the year	<u>(262,500)</u>	<u>(1,926)</u>
Balance as at 31 December	<u>9,999,032</u>	<u>9,575,749</u>

* Accrued income represents amounts collected from telecommunication companies in Doha against donations via SMS and other methods used by the Charity from these companies.

**Qatar Charity Organization
(Charitable Organization)**

**Notes to the financial statements
For the year ended 31 December 2020**

In Qatari Riyals

6. Balances at external offices

Balances at external offices include bank balances and assets and liabilities at external offices that are related to the Charity which are used in establishing projects in countries of each office and due orphan sponsorship that are payable to those who deserve in countries of the offices.

The following table shows details of these balances according to each country: -

	<u>2020</u>	<u>2019</u>
Turkey	56,686,303	25,869,782
Indonesia	11,442,387	26,552,257
Niger	9,177,724	13,223,665
Bangladesh	41,771,091	3,116,408
Sudan	6,013,743	4,732,307
Bosnia	6,153,483	4,389,245
Pakistan	24,366,825	25,004,933
Somalia	7,535,163	1,856,750
Burkina Faso	22,316,512	19,122,023
Mali	6,629,147	5,945,153
Yemen	11,043,532	2,832,372
Palestine	14,002,408	24,444,595
Mauritania	1,285,688	4,211,791
Tunisia	6,560,034	7,057,918
Kosovo	8,095,064	4,558,635
Ghana	14,206,957	12,618,185
Kenya	5,932,770	12,382,173
Albania	654,148	3,841,709
Djibouti	5,371,884	2,313,360
Comoros	2,345,886	955,533
Nepal	10,435,419	3,233,871
Kyrgyzstan	13,905,412	19,232,381
Sri Lanka	2,085,781	2,405,575
Chad	6,474,749	4,320,564
Total	<u>294,492,110</u>	<u>234,221,185</u>
Provision for doubtful balances at external offices	<u>(907,453)</u>	<u>(907,453)</u>
	<u>293,584,657</u>	<u>233,313,732</u>

**Qatar Charity Organization
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**Notes to the financial statements
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In Qatari Riyals

7. Property, plant and equipment

	Land	Buildings and improvements*	Plant, equipment and furniture	Computers and Software	Motor vehicles	Capital work in progress**	Total
<u>Cost</u>							
At 1 January 2020	60,888,718	24,574,207	29,834,551	18,534,163	10,646,339	4,035,864	148,513,842
Additions	-	29,210	3,475,617	4,814,616	1,744,420	2,364,383	12,428,246
Transfer to property, plant and equipment	-	-	228,000	638,727	-	(866,727)	-
At 31 December 2020	60,888,718	24,603,417	33,538,168	23,987,506	12,390,759	5,533,520	160,942,088
<u>Accumulated Depreciation</u>							
At 1 January 2020	-	12,683,977	24,636,450	14,803,457	7,002,714	-	59,126,598
Depreciation for the year	-	907,556	2,350,943	2,748,806	1,181,630	-	7,188,835
At 31 December 2020	-	13,591,533	26,987,293	17,552,263	8,184,344	-	66,315,433
<u>Net carrying amounts</u>							
31 December 2020	60,888,718	11,011,884	6,550,875	6,435,243	4,206,415	5,533,520	94,626,655
31 December 2019	60,888,718	11,890,230	5,198,101	3,730,706	3,643,625	4,035,864	89,387,244

* During 1993, the Charity rented a piece of land from the Ministry of Municipality and Urban Planning (8500 m²) in the industrial area for 30 years with an amount of QR 4,250 annually provided that construction work should be finalized within 12 months. The Charity has built the warehouse and the construction has been completed within the specified period. The full cost of construction was included under buildings and improvements with a carrying value of QR 1,420,308.

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**Notes to the financial statements
For the year ended 31 December 2020**

In Qatari Riyals

7. Property, plant and equipment (continued)

	Land	Buildings and improvements*	Plant, equipment and furniture	Computers and Software	Motor vehicles	Capital work in progress**	Total
<u>Cost</u>							
At 1 January 2019	60,888,718	22,517,020	28,238,022	16,308,170	9,128,357	2,502,178	139,582,465
Additions	-	2,017,187	1,596,529	2,025,993	1,517,982	1,773,686	8,931,377
Transfer to property, plant and equipment	-	40,000	-	200,000	-	(240,000)	-
At 31 December 2019	60,888,718	24,574,207	29,834,551	18,534,163	10,646,339	4,035,864	148,513,842
<u>Accumulated Depreciation</u>							
At 1 January 2019	-	11,584,515	22,127,704	12,873,062	5,635,331	-	52,220,612
Depreciation for the year	-	1,099,462	2,508,746	1,930,395	1,367,383	-	6,905,986
At 31 December 2019	-	12,683,977	24,636,450	14,803,457	7,002,714	-	59,126,598
<u>Net carrying amounts</u>							
31 December 2019	60,888,718	11,890,230	5,198,101	3,730,706	3,643,625	4,035,864	89,387,244
31 December 2018	60,888,718	10,932,505	6,110,318	3,435,108	3,493,026	2,502,178	87,361,853

Qatar Charity Organization
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Notes to the financial statements
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8. Investments property (in fair value)

<u>2020</u>	<u>Investment property</u>	<u>Work in progress</u>	<u>Total</u>
Balance as at 1 January	668,730,897	1,134,500	669,865,397
Additions	206,804	60,000	266,804
Decrease in fair value of investments property during the year	(38,437,712)	-	(38,437,712)
Balance as at 31 December	630,499,989	1,194,500	631,694,489

During the year, a balance of investment property (at fair value) was separated and transferred to granted investments property to be presented in accordance with the nature of these investments.

<u>2019</u>	<u>Investment property</u>	<u>Work in progress</u>	<u>Total</u>
Balance as at 1 January	532,833,791	2,586,555	535,420,346
Additions	173,061,563	-	173,061,563
Transfer to waqf investment property	-	(1,452,055)	(1,452,055)
Decrease in fair value of investments property during the year	(37,164,457)	-	(37,164,457)
Balance as at 31 December	668,730,897	1,134,500	669,865,397

The movement of unrealised gains from investments property during the year is as follows:

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	51,293,329	88,457,786
Decrease in fair value of investments property during the year	(38,437,712)	(37,164,457)
Balance as at 31 December	12,855,617	51,293,329

Investments property includes a property owned by a local Islamic bank against a contract of sale and leaseback, where the ownership of the land on which the property was built is in the name of the local bank. The fair value of the property at 31 December 2020 amounted 226,472,652 QR (2019: QR 243,000,000) Note (13).

In addition to the new Lusail property owned by a local Islamic bank in exchange for a lease contract in conjunction with the promise to sell, as ownership of the property in the name of the local bank and the fair value of the property at the date of the financial statements amounted to QR 145,470,300 Note (16).

**Qatar Charity Organization
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**Notes to the financial statements
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In Qatari Riyals

9. Granted investments property

	<u>2020</u>	<u>2019</u>
Granted investments property at 1 January	9,512,959	7,883,623
Additions*	-	386,650
Transferred to waqf investments property (1)	(3,093,895)	-
Transferred from investments property (2)	-	1,452,055
Buildings depreciation	(117,845)	(209,369)
Balance as at 31 December	<u>6,301,219</u>	<u>9,512,959</u>

The fair value of granted investments property at the date of the preparation of the financial statements amounted to QR 5,047,033 (2019: QR 10,446,354).

- (1) During the year, a balance was transferred to waqf investments property, which were included in the balance of investments property presented as a granted, and they were separated and presented under the item of waqf investments to be presented in accordance with the nature of these investments. The fair value of the transferred investments property at 31 December 2020 amounted to QR 4,780,609.
- (2) During 2019, a balance was transferred from investments property, which were included in the balance of investments property presented as a granted, and they were separated and presented under the item of waqf investments to be presented in accordance with the nature of these investments.

10. Waqf investments property

	<u>2020</u>	<u>2019</u>
Waqf investments property at 1 January	38,285,575	39,414,173
Additions	-	24,600
Transferred from granted investment property (1)	3,093,895	-
Buildings depreciation	(1,264,694)	(1,153,198)
Balance as at 31 December	<u>40,114,776</u>	<u>38,285,575</u>

The fair value of waqf investments property at 30 December 2020 amounted to QR 45,954,479 (2019: QR 53,757,724).

- (1) During the year, a balance was transferred to waqf investments property, which were included in the balance of investments property presented as a granted, and they were separated and presented under the item of waqf investments to be presented in accordance with the nature of these investments. The fair value of the transferred investments property at the date of the preparation of the financial statements amounted to QR 4,780,609.

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11. Investment in a subsidiary

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	1,532,776	1,532,776
impairment provision of investment in subsidiary	<u>(1,332,776)</u>	<u>(1,332,776)</u>
Balance as at 31 December	<u>200,000</u>	<u>200,000</u>

Company Name	State of Incorporation	Shareholding percentage 2020	<u>2020</u>	<u>2019</u>
New Resources Group for Real Estate Investment	Qatar	100% 100%	<u>200,000</u>	<u>200,000</u>
			<u>200,000</u>	<u>200,000</u>

The company has invested 100% in the shares of New Resources Group for Real Estate Investment S.P.C. Since there is no commercial license issued for the company and it did not make any activity during the year, there are no financial statements for the investee at the date of the financial statements.

12. Available for sale investments

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	94,743,065	91,592,564
Write-off available for sale investments	-	(843,105)
Impairment losses of re-evaluation of investments*	<u>304,528</u>	<u>3,993,606</u>
	<u>95,047,593</u>	<u>94,743,065</u>
Impairment provision of available for sale investments**	<u>(18,415,884)</u>	<u>(18,415,884)</u>
Balance as at 31 December	<u>76,631,709</u>	<u>76,327,181</u>

* Movement in reserve of re-evaluation of investments during the year was:

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	(11,603,032)	(7,609,426)
provided during the year	<u>(304,528)</u>	<u>(3,993,606)</u>
Balance as at 31 December	<u>(11,907,560)</u>	<u>(11,603,032)</u>

** Movement in impairment of investments during the year was:

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	18,415,884	(19,258,989)
Write-off available for sale investments	-	843,105
Balance as at 31 December	<u>18,415,884</u>	<u>(18,415,884)</u>

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13. Obligations under capital lease arrangement and deferred gains on sale and leaseback transactions

- During 2013, the Charity sold a property to a local bank at an amount of QR 303 million through sale and leaseback agreements, which include the re-purchase option at the end of the lease term. The bank undertook to transfer ownership of the property at the end of the contract term to the Charity free of charge. The Charity paid an advance payment amounts to QR 187 million at the beginning of the contract. The future lease payments related to the leaseback transaction amounting to QR 136,590,561 and includes finance expense amounting to QR 20,590,561.

Total deferred gains from sale and leaseback transactions:

	2020	2019
Total capital lease contract	303,000,000	303,000,000
Net carrying amount of sold assets	(303,000,000)	(303,000,000)
	-	-

Total remaining future payments under capital lease contract:

	2020	2019
Total future payments under capital lease contract	17,073,820	34,147,640
Less: deferred expenses	(397,964)	(1,421,299)
Current value of future payments under capital lease contract	16,675,856	32,726,341
Obligations under capital lease contract – current portion	16,675,856	16,050,485
Obligations under capital lease contract – non-current portion	-	16,675,856
	16,675,856	32,726,341

14. Payables and other credit balances

	2020	2019
Payable from charitable organizations*	6,491,319	5,706,776
Accrued expenses **	379,977,482	291,298,118
Deferred revenue	45,500	146,468
Insurances received from others	678,396	631,550
Other payables	5,021,019	12,040,690
	392,213,716	309,823,602

* During 2017, some of the received donations by other charitable organizations has been transferred to the charity account so that The Charity can use these donations for its normal activity. The Charity has recorded the donations as payable from charitable organizations in the financial statements of the charity.

** Accrued expenses represent amounts payable at the date of the financial statements and these amounts are pending approval of the concerned authorities to enable the Charity to transfer the funds to its beneficiaries. Most of which are payments for certain projects and orphan support abroad.

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15. Employees' end of service benefits

	<u>2020</u>	<u>2019</u>
Balance at 1 January	17,213,593	14,916,972
Provision for the year	2,576,960	3,528,494
Paid during the year	(1,076,753)	(1,231,873)
Balance at 31 December	<u>18,713,800</u>	<u>17,213,593</u>

16. Amounts due to Islamic banks

During 2015 the Charity obtained Islamic financing (Musawama) amounting to QR 10,410,894 from the International Islamic Bank that includes financing profits of QR 2,330,894. The Charity paid the net amount of funding amounting to QR 8,080,000 as advance-payment in Istisnaa contract amounting to QR 20,805,148 to build a property. The rest of the contract value amounting to QR 12,725,148 will be paid in one instalment on 4 October 2017. The profit rate on the Islamic financing (Musawama) is approximately 3.75% and is repayable in monthly instalments starting from 22 September 2017 and it ends on 22 August 2027.

During 2017 the Charity had agreement with Qatar international Islamic bank to settle the second payment of Istisnaa contract which is mentioned above by obtaining a finance lease agreement with a granting promise amounting of 12,725,148 Qatar Riyal, the profit percentage of Islamic finance agreement (Ijarah) is 3.75% and the monthly premiums will be paid starting of 4 November 2017 and it will be ended in 4 November 2027.

During the year 2018, the association obtained Islamic financing (rent in conjunction with the promise to sell) in the amount of 102,000,000 Qatari riyals, the amount includes financing profits in the amount of 29,059,560 Qatari riyals, and the percentage of profit on Islamic financing (rent) ranges from 4.95% and is paid in monthly installments starting from August 29, 2019 and ending July 29, 2027.

	<u>2020</u>	<u>2019</u>
Current portion	10,568,364	10,009,909
Non-current portion	<u>95,074,656</u>	<u>105,679,420</u>
	<u>105,643,020</u>	<u>115,689,329</u>

17. Net assets

a) Net unrestricted assets

Net unrestricted assets is the net result of activity carried forward from previous years, which is not restricted from donors and beneficiaries.

b) Net of restricted assets

Net restricted assets represent temporarily unused donations that have been received from donors for specific purposes or activities by donors and cannot be used in the operating activities of the Charity.

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18. Donations of activities and projects

	<u>2020</u>	<u>2019</u>
Social Welfare Projects	543,206,461	404,105,731
Education and Culture Projects	144,526,696	140,718,000
Economic Empowerment Projects	22,031,950	23,605,211
Construction projects and social housing	70,368,326	69,683,749
Water and sanitation projects	104,744,578	98,886,229
Health and Nutrition Projects	30,322,701	51,058,917
Food Security Projects	67,694,914	58,545,625
Humanitarian projects and relief	389,490,170	187,175,947
Charity and Zakat	216,069,382	164,788,094
Operating expenses (Note 22)	93,089,725	81,891,488
	<u>1,681,544,903</u>	<u>1,280,458,991</u>

19. Investments income

	<u>2020</u>		<u>2019</u>	
	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>
Investments property revenues – rents	37,802,834	2,099,451	27,830,339	2,235,335
Stocks revenues	2,326,644	-	2,453,234	-
	<u>40,129,478</u>	<u>2,099,451</u>	<u>30,283,573</u>	<u>2,235,335</u>

20. Investments income granted

	<u>2020</u>	<u>2019</u>
Rental income of Al Rayyan property	99,125	69,403
Rental income of Villa Al Saad	29,705	18,597
Rental income of foreign properties	36,901	43,345
Other	117,845	109,039
	<u>283,576</u>	<u>240,384</u>

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21. Investments income waqf

	<u>2020</u>	<u>2019</u>
Rental income of Abu Sidra property	592,892	397,106
Rental income of Al Khor property	59,345	102,204
Rental income of Muaither property	167,028	245,025
Rental income of Al Misnad property	3,889,526	2,270,636
	<u>4,708,791</u>	<u>3,014,971</u>

22. Deducted for administrative and operating expenses

A percentage ranging from zero - 12.50% is deducted from all receipts and revenue items, which will be divided as follows: 50% for administrative expenses and 30% of indirect operating expenses and 20% direct operating expenses.

	<u>2020</u>	<u>2019</u>
Deducted for administrative expenses	93,361,727	82,620,751
Deducted for operating expenses (Note 18)	93,089,725	81,891,488
Total deductions against expenses	<u>186,451,452</u>	<u>164,512,239</u>

23. Administrative Expenses

Analysis of administrative expenses is as follows:

	<u>2020</u>	<u>2019</u>
Administrative expenses*	69,349,934	64,041,505
Depreciation (Note 7)	7,188,835	6,905,986
	<u>76,538,769</u>	<u>70,947,491</u>

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23. Administrative expenses (continued)

* Analysis of administrative expenses during the year based on the nature of expenses as follow:

	<u>2020</u>	<u>2019</u>
Salaries and wages	44,391,615	44,721,918
Rents	2,955,491	4,765,798
Employees remunerations	5,105,142	1,806,351
Travel and missions	609,751	876,690
Post, phone and fax	2,642,940	1,286,504
End of service benefits	1,156,739	1,561,142
Temporary labour	436,707	3,170,495
Travel tickets	3,032,155	229,611
Stationery and publications	388,059	387,312
Maintenance	1,498,964	593,052
Cleaning	361,457	572,815
Hospitality	310,974	363,286
Fees	513,284	183,640
Professional and technical fees	220,000	602,990
Advertising	234,260	801,976
Social security	948,529	266,839
Translation	26,340	112,805
Training and development	62,924	10,800
Guard costs	327,514	8,805
Legal consultancy	2,205,989	546,237
Fuels	65,073	45,307
Insurance expenses	22,930	52,736
Health cards	1,807,741	1,070,146
Incidental expenses	25,356	4,250
	<u>69,349,934</u>	<u>64,041,505</u>

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24. Operating expenses of activity and projects

	<u>2020</u>	<u>2019</u>
Social Welfare Projects	440,684,273	579,227,558
Construction projects and social housing	63,418,208	60,880,298
Humanitarian projects and relief	283,580,769	330,823,726
Water and sanitation projects	64,501,193	77,917,456
Education and Culture Projects	132,129,908	128,749,843
Food Security Projects	59,045,606	60,175,444
Economic Empowerment Projects	16,408,039	18,650,112
Health and Nutrition Projects	35,068,746	26,507,264
Social and Zakat	7,293,645	5,995,354
Deductions to meet operating expenses	107,554,969	107,558,982
	<u>1,209,685,356</u>	<u>1,396,486,037</u>

* Analysis of operating expenses during the year based on the nature of expenses as follows:

	<u>2020</u>	<u>2019</u>
Expenses of employee salaries, wages and benefits	72,456,336	69,753,679
Expenses of external offices	35,102,646	37,801,290
	<u>107,558,982</u>	<u>107,554,969</u>

25. Investments expenses

	2020		2019	
	Restricted	Unrestricted	Restricted	Unrestricted
Investment property expenses – rents	9,510,334	12,548	5,233,828	15,595

26. Investments expenses granted

	<u>2020</u>	<u>2019</u>
Maintenance and management expenses of Al Rayyan property	40,060	28,234
Depreciation (Note 9)	117,845	209,369
	<u>157,905</u>	<u>237,603</u>

27. Investments expenses waqf

	<u>2020</u>	<u>2019</u>
Maintenance and management expenses of Abu Sidra property	96,303	120,986
Maintenance and management expenses of Al Khor property	5,242	5,987
Maintenance and management of Muaither property	30,912	27,439
Maintenance and management expenses of Al Misned property	225,395	382,203
Financing expenses of Al Misned property	806,844	806,844
Depreciation (Note 10)	1,264,694	1,153,198
	<u>2,429,390</u>	<u>2,496,657</u>

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28. Other expenses

	<u>2020</u>	<u>2019</u>
Foreign currency exchange loss	5,979,517	-
Provision for doubtful debts made during the year (Note 5)	685,783	-
Bank commission of financial institutions	13,400,768	10,691,877
	<u>20,066,068</u>	<u>10,691,877</u>

29. Financial risk management

(a) Interest rate risk

The Charity is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Management does not hedge its interest rate risk.

(b) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum threshold of exposure to credit risk. The maximum exposure to credit risk was at the reporting date as follows:

	Note	<u>2020</u>	<u>2019</u>
Banks balances	4	1,195,522,529	881,006,523
Receivables and other balances*	5	29,573,409	21,670,332
		<u>1,225,095,938</u>	<u>902,676,855</u>

*This balance represents receivables and other debit balances minus investment receivables and prepaid expense.

(c) Liquidity risk

The following are the contractual maturities of financial liabilities:

31 December 2020	Carrying amount	Contractual cash flows	6 months or less	1-2 years
<i>Non-derivative financial liabilities</i>				
Other payables*	12,236,234	(12,236,234)	12,236,234	-
Notes payable	2,924,887	(2,924,887)	2,924,887	-
Amounts due to Islamic banks	105,643,020	(105,643,020)	10,568,364	95,074,656
Obligations under capital lease contract	16,675,856	(16,675,856)	16,675,856	-
	<u>137,479,997</u>	<u>(137,479,997)</u>	<u>42,405,341</u>	<u>95,074,656</u>

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29. Financial risk management (continued)

(c) Liquidity risk (continued)

31 December 2019	Carrying amount	Contractual cash flows	6 months or less	Carrying amount
<i>Non-derivative financial liabilities</i>				
Other payables*	18,525,484	(18,525,484)	18,525,484	-
Notes payable	10,963,500	(10,963,500)	10,963,500	-
Amounts due to Islamic banks	115,689,329	(115,689,329)	10,009,909	105,679,420
Obligations under capital lease contract	32,726,341	(32,726,341)	16,050,485	16,675,856
	<u>177,904,654</u>	<u>(177,904,654)</u>	<u>55,549,378</u>	<u>122,355,276</u>

*This balance represents payables and other credit balances except accrued expenses.

(d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Charity's functional currency is Qatari Riyal and exchange rates are reviewed periodically by the Charity. Therefore, the management is of the opinion that the Charity's exposure to currency risk is minimal.

30. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or an obligation settled between well-informed and willing parties in an arm's length transaction. Differences could arise between carrying amounts on historical basis and fair value estimations.

Basic definition of fair value is the assumption that there is a company operating on the going concern basis without intention in liquidation, substantially reduce the size of its operations or enter into any transactions in accordance with terms that are harmful to the Charity.

Except for available for sale investments the fair value of financial instruments does not differ materially from their carrying amount at the reporting date.

31. Accounting estimates and judgements

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For significant accounts, this estimation is performed on an individual basis.

Accounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

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31. Accounting estimates and judgements (continued)

(ii) Impairment of available-for-sale investments

Available-for-sale investments are considered to be impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Charity evaluates other factors, including normal volatility in share or shares price.

32. Due from a related party

Due from related party represent receivables balance from New Resources Group for Real Estate Investment against return on investment and the movement during the year as following:

	Nature of transactions	2020	2019
New Resources Group for Real Estate Investment	Finance	126,933	127,033

33. Subsequent events

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

34. Comparative figures

The comparative figures for the previous year have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications do not affect the previously reported net profits, net assets or equity.